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SENATE BILL 11

47TH LEGISLATURE - STATE OF NEW MEXICO - SECOND SESSION, 2006

INTRODUCED BY

Leonard Lee Rawson

AN ACT

RELATING TO INSURANCE; AMENDING THE NEW MEXICO INSURANCE CODE
TO EXPRESSLY PERMIT INVESTMENT IN ASSET-BACKED SECURITIES.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. A new section of Chapter 59A, Article 9 NMSA
1978 is enacted to read:

"[NEW MATERIAL] ASSET-BACKED SECURITIES.--

A. An insurer may invest in asset-backed securities
an aggregate amount that does not exceed twenty percent of the
insurer's assets.

B. "Asset-backed security" means a security or
other instrument that evidences an undivided interest in, or
the right to receive payments from or primarily from,
distributions on a pool of financial assets held by an
unaffiliated business entity and that meets the following

underscoring material = new
[bracketed material] = delete

1 conditions:

2 (1) the business entity is not a sole
3 proprietorship and is established solely for the purpose of
4 acquiring specific types of financial assets, issuing
5 securities representing an undivided interest in, or right to
6 receive cash flows from, those assets and engaging in
7 activities required to service the assets or rights; and

8 (2) the pool of financial assets consists of
9 interest-bearing obligations or other contractual obligations
10 representing the right to receive payment from the assets."

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